



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

June 16, 2003

“Debt Tax” Will Soar Under Republican Policies

Dear Democratic Colleague:

Lately, Republicans have tried to disinter their argument that budget deficits can be remedied merely by cutting “waste, fraud, and abuse.” Given that, it is worth remembering that the federal government’s debt service cost is pure waste: it provides absolutely nothing for the taxpayer, save to stave off default. This “debt tax” is the one tax that Congress cannot repeal. And because of Republican economic mismanagement, the debt tax is beginning to soar.

Just two years ago, the Bush Administration projected that they could implement their entire tax cutting program and their full defense buildup, provide a Medicare prescription drug benefit, strengthen the solvency of Social Security, and still pay off the public debt by 2011. In that year, they claimed, the debt tax would be cut virtually to zero.

Instead, not only is the budget surplus gone, but the deficit has reached new record levels, and still more debt is piling up. The debt tax is racing upward instead of going down.

As the attached chart shows, by 2011, when the Bush Administration said that the debt tax would be virtually zero, it will instead be almost double what it is today — at almost \$5,000, on average, for every family of four. This means a heavy tax burden on the typical American family, for which they will receive absolutely nothing.

Some Republicans would say that they have given the American people back some of their money. But in reality, what they have given the American people is debt, and a consequent debt tax. As a result of this insistence on instant gratification, Republicans have taken a painful chunk of the money of the American people, for generations to come.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member

Under Republican Policies, the Debt Tax Will Soar

